

Message Text

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17

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 STR-08 CEA-02

AGR-20 IO-14 DRC-01 /202 W
----- 110735

R 271602Z MAR 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 6661

INFO AMEMBASSY BOGOTA

AMEMBASSY BRAZILIA

AMEMBASSY GUATEMALA

AMCONSUL GUAYAQUIL

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

UNCLAS TEGUCIGALPA 1290

E.O. 11652: N/A

TAGS: ETRD, PFOR, XK

SUBJECT: BANANAS

SUMMARY: HONDURAS PRESS REPORTS AGREEMENT REACHED IN COSTA RICA WITH BANANA COMPANIES ON REDUCTION OF 10 TO 12 PERCENT IN THE EXPORT VOLUME OF BANANAS. THIS MOVE IS A PRIOR STEP TO APPLICATION OF EXPORT TAXES AGREED UPON BY THE BANANA EXPORTING COUNTRIES OF CENTRAL AMERICA. END SUMMARY.

1. MINECON BENNATON STATES THAT STANDARD FRUIT HAS ENTERED THE AGREEMENT BUT THAT FURTHER DISCUSSIONS WITH THE COMPANY MAY BE HELD IN TEGUCIGALPA THIS WEEK. (STANDARD UNCLASSIFIED

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FRUIT'S WAITE TO SEE C OF S LOPEZ MARCH 27). BENNATON

FURTHER STATED THAT THE COUNTRIES ARE NOT EXAMINING THE AMOUNT OF EXPORT TAX BECAUSE THIS DECISION IS ALREADY MADE BUT RATHER THEY WILL LOOK FOR MECHANISMSTO CREATE A FAVORABLE SITUATION IN THE WORLD MARKET.

2. PRESS REPORTS INDICATE THAT THE BANANA COMPANIES STATE THAT THERE IS AN EXCESSOF SUPPLY OF BANANAS. THEREFORE, AN INTERMEDIATE SOLUTION TO RESTRICT EXPORTS BEGINNING APRIL 1 COULD BE FOLLOWED BY APPLICATION ON APRIL 15 OF THE EXPORT TAX. IT IS EXPECTED THAT THE AGREEMENT, INCLUDING INSTITUTIONAL MECHANISM IN THE BANANA EXPORTING COUNTRIES, WILL BE SIGNED BY THAT DATE.

3. MINECON BENNATON STATED THAT IDEA OF RESTRICTING EXPORTS AND THEN APPLYING THE TAX WILL PROVIDE RESULTS THAT CAN BE EXAMINED TO SEE IF ADDITIONAL STEPS ARE NECESSARY.

4. BENNATON STATED THAT FOR HIS UNDERSTANDING THE POSITION OF ECUADOR IS FIRM IN THE SENSE THAT IT WILL HONOR THE RESULTS OF THE PANAMA MEETING AND THE RESULTS OF THE TEGUCIGALPA MEETING.

5. MEETINGS AT A TECHNICAL LEVEL TO EXAMINE THE DETAILS OF THE OPERATION WERE BEING CONDUCTED BEGINNING MARCH 25 IN SAN JOSE AND A MEETING WAS SCHEDULED FOR MARCH 28 IN COLOMBIA TO REFINER THE CONDITIONS OF THE AGREEMENT.

6. COMMENT: THE ABOVE MODIFICATIONS OF THE PANAMA PROPOSALS MAY HAVE RESULTED FROM A CLOSER EXAMINATION OF THE POSSIBLE EFFORTS OF THE EXPORT TAX DERIVED FROM THE FIRM POSITION ESTABLISHED BY STANDARD FRUIT. BENNATON TRAVELING AND UNLIKELY BE AVAILABLE TO EMBASSY OFFICERS BEFORE APRIL 1.
SANCHEZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, CUSTOMS DUTIES, BANANAS, TRADE AGREEMENTS, EXPORTERS, INDUSTRIAL PLANTS, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TEGUCI01290
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740067-0126
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974039/aaaaaiym.tel
Line Count: 95
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUL 2002 by elbezefj>; APPROVED <11 DEC 2002 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BANANAS SUMMARY: HONDURAS PRESS REPORTS AGREEMENT REACHED IN COSTA
TAGS: ETRD, PFOR, XK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005